

TAX JUSTICE REMAINS CRUCIAL AS WE COMMEMORATE THE GLOBAL PROTEST TO #FIGHTINEQUALITY

As the world's focus is on the global protest on fighting inequality from the 23rd to the 30th of January 2021, ZIMCODD as a convenor of the Fight Inequality Alliance in Zimbabwe, seeks to bring attention to the intricate connection between Inequality and Tax Justice.

Global inequality has increased by 11 percent in the recent past. The United Nations Development Programme (UNDP) indicates that the richest 10 percent have up to 40 percent of global income whereas the poorest 10 percent earn only between 2 to 7 percent.

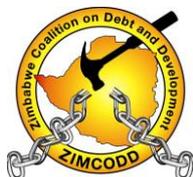
For there to be equality, we argue that there is need for just and equitable distribution of the tax burden through the introduction of a wealth tax to ensure that the richest pay a fairer share of the resources required to ensure sustainable and inclusive growth.

There is an urgent need for the government of Zimbabwe and other African governments to stop giving out harmful tax incentives to Multinational companies. This calls comes at the backdrop of recent media reports of tax exemption for Great Dyke Investment. Great Dyke Investments (GDI), which is developing a platinum mining project in Darwendale, Mashonaland West province, has been granted a five-year tax exemption by the Government. According to a Government Extraordinary Gazette dated January 27, 2021, Finance and Economic Development Minister Professor Mthuli Ncube granted the exemption in terms of the Income Tax Act (Chapter 23:06).

It is a huge contradiction that corporates get tax exemptions whilst the general citizenry is burdened by many taxes and this has resulted in high levels of inequality in the country. Government should consider a Basic Income Grant to cushion the poor against the vagaries of poverty, lack and hunger that has been worsened by the COVID19 national lockdown. Government through the taxes it has collected since introducing the 2 % tax in 2018 and a new set of presumptive taxes in the 2021 should aim to capacitate small businesses and informal sector traders who have been hard hit by the current COVID-19 restrictions.

This Week, our Advocacy focus is Tax Justice and Specifically our Advocacy Message focuses on the Income Tax Exemption for Great Dyke Investment.

The link between taxation and development is fundamental. A functioning state that can meet the basic needs of its citizens must rely ultimately on its own revenues to meet development objectives. Using the tax system, the state can mobilise domestic resources, redistribute wealth and provide essential services and infrastructure, especially in the midst of a devastating pandemic. We therefore, call upon the government to repeal Statutory Instrument 26 of 2021 exempting Great Dyke Investment (Private) Limited company to ensure that the State mobilises more revenue from the mining sector to facilitate socio-economic development in Zimbabwe.



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